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June 2, 2004

Report of Auditors' Invoice Review of Kinder Morgan's Recoverable P-0802 Expenses

On May 24 and 25, 2004, we performed a review of Kinder Morgan records to verify the Recoverable P-0802 Expenses, as that term is defined in the Settlement Agreement dated April 23, 2004, by and among the State of Nebraska acting through the Governor's Policy Research Office, the Nebraska Public Service Commission, and Kinder Morgan, Inc.

We examined all invoices provided by Kinder Morgan related to the P-0802 and GPRO litigation. Invoices reviewed were for the period 1999 through 2004. The amount verified as incurred and paid for this period totals \$2,827,917.84, which is categorized as follows:

- 1) Legal Services & Research. \$1,754,348.87, of which \$1,656,445.59 was for labor costs and \$97,903.28 was for other expenses;
- 2) Prudence Witnesses. \$808,359.17, of which \$733,995.00 was for labor costs and \$74,364.17 was for other expenses;
- 3) Potential Subject Matter Witnesses. \$91,078.76, of which \$84,340.00 was for labor costs and \$6,738.76 was for other expenses;
- 4) Paralegal Services. \$169,806.04, of which \$169,620.75 was for labor costs and \$185.29 was for other expenses; and
- 5) Administrative Services. \$4,325.00, of which all is comprised of labor costs.

We found that the invoice amounts included in the total figure of \$2,827,917.84 were charged to Kinder Morgan's books and adequate documentation was provided referencing these expenses to the P-0802 and GPRO cases.

Respectfully submitted,

John Burvainis – Deputy Director/Staff Accountant
Nebraska Public Service Commission

Steven G. Stovall – Staff Accountant